Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

AMERICAN MEDICAL ASSOCIATION,
Petitioner,

v.

PRACTICE MANAGEMENT INFORMATION CORP.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

(1) Whether an action for copyright infringement, brought under the express provisions of the Copyright Act, may be defeated by a judicially created, federal common law copyright misuse defense, when the Act does not provide that defense?

(2) Whether a copyright misuse defense, if cognizable, should be governed by the antitrust laws, or by notions of public policy that courts determine are inherent in the grant of a copyright?

(3) Whether negotiating and obtaining a licensing agreement with a federal agency is protected by the First Amendment under the *Noerr-Pennington* doctrine?

LIST OF PARTIES AND RULE 29.6 STATEMENT

There are no parties other than those named in the caption.

Pursuant to Rule 29.6 of the rules of this Court, petitioner states the following:

The American Medical Association has no parent companies or subsidiaries.

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PETITION FOR WRIT OF CERTIORARI

OPINIONS BELOW

The August 6, 1997 decision of the Ninth Circuit, as amended on January 9, 1998, is reported at 133 F.3d 1140; see Appendix ("App.") 1a. The December 23, 1997 order of the Ninth Circuit, denying the American Medical Association's ("AMA's") petition for rehearing with suggestion for rehearing *en banc*, is not reported. See App. 34a. The December 8, 1994 order of the district court granting the AMA's motion for partial summary judgment is reported at 877 F. Supp. 1386, and is attached at App. 12a. The district court's companion order of December 8, 1994, granting the AMA's motion for a preliminary injunction, is reported at 877 F. Supp. 1394, and is attached at App. 28a.

JURISDICTION

The order of the court of appeals denying the AMA's petition for rehearing with suggestion for rehearing *en*

banc was entered on December 23, 1997. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The constitutional provision involved in this case is the First Amendment to the Constitution of the United States. The statutory provisions involved are 42 U.S.C. § 1395w-4(c)(5), 35 U.S.C. § 271(d), and 17 U.S.C. §§ 107, 301. They are reproduced at App. 35a-38a.

STATEMENT OF THE CASE

This case presents two important and recurring questions of copyright law. The first is whether the federal courts may properly create an implied federal common law defense of copyright misuse. Such judicial lawmaking conflicts with this Court's well-established standards: It is "plainly wrong" to "adopt a court-made rule to supplement federal statutory regulation that is comprehensive and detailed," *O'Melveny & Myers* v. *FDIC*, 512 U.S. 79, 83, 85 (1994), which the Copyright Act plainly is. 17 U.S.C. §§ 101, *et seq.* Adopting an affirmative defense of copyright misuse, as the Fourth, the Fifth, and the Ninth Circuits have done, is thus an unwarranted intrusion upon Congress' lawmaking role.

The second question—whether a copyright misuse defense, if cognizable, should be based on violations of antitrust law or on nebulous considerations of public policy—is also of national importance. A clear, recurring, and well-developed conflict exists between those courts that have "held that the defense applies only where there is a violation of antitrust law" and those that have "held that copyright misuse defense exists even without an antitrust violation." [1] That conflict is squarely presented here. App.

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[1] *See generally Reliability Research, Inc.* v. *Computer Assocs. Int'l, Inc.*, 793 F. Supp. 68, 69 (E.D.N.Y. 1992) (comparing *Saturday Evening Post Co.* v. *Rumbleseat Press, Inc.*, 816 F.2d 1191 (7th Cir. 1987) with *Lasercomb Am., Inc.* v. *Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990)).

11a. This conflict merits the Court's review, particularly in light of Congress' mandate of national uniformity in the copyright laws.

Finally, this case also presents an important question of constitutional law—whether there exists a "commercial exception" to the *Noerr-Pennington* doctrine. The court below held that negotiating and contracting with a federal agency is not protected by the doctrine because it is not "lobby[ing]" (App. 11a), but the Fifth Circuit has squarely held that *Noerr-Pennington* protection does "extend" to obtaining a "restrictive contract provision . . ." from the government. *Greenwood Utils. Comm'n* v. *Mississippi Power Co.*, 751 F.2d 1484, 1504, 1505 & n.14 (5th Cir. 1985). This conflict reflects a broader conflict about the existence of a "commercial exception" to the *Noerr-Pennington* doctrine, an issue of national importance that also merits this Court's review.

1. Since 1966, the American Medical Association ("AMA") has published *Physicians' Current Procedural Terminology* ("*CPT*"). *CPT* sets forth original textual descriptions of medical procedures, assigns a five-digit numeric code to each description, and includes two-digit modifiers that indicate common variations on each procedure. Like other works of medical nomenclature, *CPT* enables physicians to communicate concisely with colleagues, patients, and insurers about the procedures that they have performed by substitution of a multi-digit code for a time-consuming verbal description. SER 20-1, pp. 3-4, ¶ 6; SER 22, p. 2, ¶ 3.[2]

2. The Health Care Financing Administration ("HCFA") is the federal subagency that administers the Medicare and Medicaid programs. In 1977, HCFA recognized that it needed a uniform code for Medicare and Medicaid to facilitate the processing of reimbursement requests. See SER 20-1, p. 8, ¶ 13; SER 20-2, pp. A-1 to

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[2] "SER" refers to the AMA's Supplemental Excerpts of Record filed in the court of appeals.

A-2; cf. 42 U.S.C. § 1395w-4(c)(5). HCFA examined three options: (1) developing its own code at taxpayer expense; (2) using *CPT*; or (3) using one of many other privately developed codes of medical nomenclature. After extensive study, HCFA determined that its best option was to use *CPT*. See, *e.g.*, SER 47; 48 Fed. Reg. 16,750, 16,753 (1983).

As a result, HCFA and the AMA entered into a licensing agreement ("the Agreement") in 1983. App. 14a; SER 3-2. The AMA agreed to give HCFA "a non-exclusive, royalty free, and irrevocable license to use, copy, publish, and distribute" *CPT*. *Id.* ¶ 3(a); see App. 14a. HCFA agreed, *inter alia*, to "require the use" of *CPT* "in programs administered by HCFA" and "not to use any other" nomenclature for "reporting physicians' services." SER 3-2, p.1, ¶¶ 1-2; App. 15a. Either party "may terminate the Agreement upon ninety days notice." App. 14a; SER 3-2, p. 4, ¶ 10. Thus, by simply giving the requisite notice, HCFA is free to require use of another work of medical nomenclature instead of *CPT*, such as SNOMED (maintained by the College of American Pathologists) or ICD-9-CM. See SER 20-1, pp. 7-8, ¶ 12.

The AMA has devoted "enormous resources" and creative effort to developing and maintaining *CPT*. App. 32a. Since 1983, the AMA has updated *CPT* annually. *Id.* at 14a. This process involves scores of physicians and AMA staff members and leads to hundreds of additions, deletions, and modifications of codes and descriptions each year. SER 20-1, pp. 2-3, 4-7. By 1993, the *CPT* included 6,925 codes, 26 types of modifiers, as well as textual descriptions. SER 20-2, p. 1. HCFA has periodically reviewed whether to retain *CPT* and has determined to continue the agreement with the AMA. *Id.* at i-iii (Inspector General's 1994 Report); SER 20-1, pp. 7-8.

3. Respondent Practice Management Information Corporation ("PMIC"), which purchases in excess of 100,000 copies of *CPT* annually, is among the largest resellers of

CPT. App. 16a. PMIC wishes to copy and sell "its own version of the *CPT*" without paying a royalty to the AMA. SER 21 Ex. C. On May 12, 1994, three days after informing the AMA that it was "very disappointed that PMIC was not provided with a better discount" than the 35% reduction it was receiving on its purchases of *CPT*, PMIC filed this lawsuit. App. 17a; SER 21 Ex. B. PMIC sought preliminary injunctive relief, a declaration that the AMA's copyright in *CPT* is invalid, and damages.

The AMA filed a counterclaim (see App. 17a), alleging, *inter alia,* that PMIC had already infringed the AMA's copyright in *CPT* by distributing unauthorized software and other versions of *CPT*. AMA's Answer and Second Amended Counterclaim ¶¶ 7-24. The AMA sought damages for that infringement and an injunction against future infringement. It also raised additional state and federal law claims not pertinent here. *Id.* ¶¶ 25-36 & Prayer for Relief ¶¶ 1-7.

On July 25, 1994, the district court denied PMIC's motion for a preliminary injunction. App. 17a. On December 8, 1994, the court filed its Order granting the AMA's motion for partial summary judgment on PMIC's claims of copyright invalidity and misuse. App. 12a. With respect to misuse, the district court found that although "some courts have recognized the copyright misuse claim," none was persuasive authority here because:

- "The Agreement is freely terminable upon 90 days written notice;
- "the HCFA on its own initiative sought a single national medical code for use in Medicare and Medicaid reimbursements; and
- "the AMA did not coerce the HCFA to choose one code over others or to accept the AMA's royalty-free license to use the CPT. Brown Decl. ¶¶ 3, 6, 9."

Id. at 25a-27a & n.4.

The district court also rejected PMIC's other claims, including its argument that the government's use of *CPT* transformed this privately authored work into a law and thereby invalidated the AMA's copyright. *Id.* at 19a-25a. "In essence," the court concluded, "PMIC merely seeks to plagiarize the private work of the AMA without compensating the AMA for its copyright." *Id.* at 24a. In a second Order filed the same day, the district court enjoined PMIC from infringing the AMA's copyright. *Id.* at 28a. Monetary damages were inadequate, the court found, because conflicting versions of *CPT* "could confuse physicians and the government" and "could substantially impair the reimbursement process." *Id.* at 32a.

4. On August 6, 1997, the Ninth Circuit affirmed the district court's ruling that the AMA retains a valid copyright in *CPT*,[3] but "reverse[d] the ruling with respect to copyright misuse." App. 11a. The court of appeals held that PMIC "established its misuse defense as a matter of law," and therefore "vacate[d] the preliminary injunction" and "remand[ed] for entry of judgment in favor of Practice Management on its copyright misuse claim." *Id.* The court explained its decision as follows:

First, recognizing that prior Ninth Circuit cases had only "implied that misuse is a defense to copyright infringement," the court decided "now [to] adopt that rule." App. 9a.

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[3] In particular, the court rejected PMIC's argument that "CPT became law and entered the public domain when HCFA by regulation required its use." App. 4a. The court further held that CPT is not an "uncopyrightable industry standard or 'idea' " within the meaning of the Copyright Act. These two determinations have been the subject of two petitions for certiorari filed by PMIC, on September 4, 1997 and February 2, 1998, respectively. This Court denied PMIC's first petition on October 20, 1997, *Practice Management Info. Corp.* v. *American Medical Ass'n*, 118 S. Ct. 339 (1997) (No. 97-401). PMIC's second petition for certiorari raises the same issues presented in its first petition. *Practice Management Info. Corp.* v. *American Medical Ass'n.* (No. 97-1254). The AMA filed its brief in opposition on March 2, 1998.

Second, the court held that "the AMA misused its copyright by licensing *CPT* to HCFA in exchange for HCFA's agreement not to use a competing coding system." *Id.* at 10a. In this regard, the court determined that it was legally irrelevant whether the AMA had urged HCFA to add this restriction to the Agreement or whether HCFA itself had decided to use a single code "to take advantage of natural efficiencies." *Id.* The court simply concluded that the "terms under which the AMA agreed to license use of the *CPT* to HCFA gave the AMA a substantial and unfair advantage over its competitors" and, for this reason, constituted misuse. *Id.*

Third, the court rejected as immaterial the AMA's demonstration that the Agreement with HCFA did not violate the antitrust laws. In so doing, the court expressly adopted the Fourth Circuit's view "that a defendant in a copyright infringement suit need not prove an antitrust violation to prevail on a copyright misuse defense." App. 10a-11a (citing *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990)). Instead, the court required only that alleged copyright infringer show that the copyright owner had "used its copyright 'in a manner violative of the public policy embodied in the grant of a copyright.'" App. 11a (quoting *Lasercomb*, 911 F.2d at 977).

Finally, the court held that because PMIC was not required to establish an antitrust violation to obtain the protection of the affirmative defense of copyright misuse, the court was not required to consider the AMA's argument that its conduct was shielded from any finding of copyright misuse by the *Noerr-Pennington* doctrine. App. 11a. The court alternatively suggested that *Noerr-Pennington* was inapplicable because the AMA "did not lobby HCFA to adopt the *CPT*." *Id.*

5. On August 20, 1997, the AMA filed a timely petition for rehearing with suggestion for rehearing *en banc*. In its petition, the AMA argued that the panel's decision to adopt a copyright misuse defense was incorrect, and

that its decision to adopt the Fourth Circuit's public policy standard exacerbated a conflict with decisions of other courts of appeals. The AMA also argued that *Noerr-Pennington* protection extends to commercial activity and to conduct other than antitrust violations.

6. The court denied rehearing and rehearing *en banc* on December 23, 1997. On January 9, 1998, however, the panel issued an order amending its opinion to delete its statement that the *Noerr-Pennington* doctrine provided protection only against antitrust claims. Nevertheless, the court left in place its holding that "the AMA's First Amendment right to petition the government is not at stake" because the "AMA did not lobby HCFA to adopt *CPT*." App. 11a. The court also amended its opinion, which had previously instructed the district court simply to "enter judgment in favor of Practice Management," to make clear that judgment should be entered only "on its copyright misuse claim." *Id.* at 2a, 11a. Because the judgment "precludes" the AMA from enforcing its copyright "during the period of misuse" (App. 9a n.9), it forecloses the AMA's counterclaim for damages for past infringement and prevents the AMA from prospectively enforcing its copyright unless the misuse has been purged. On January 16, 1998, the court of appeals granted the AMA's unopposed motion to stay the mandate.

REASONS FOR GRANTING THE PETITION

The "copyright misuse" defense is wholly a creature of federal common law. It is founded upon the patent misuse defense that this Court created over 50 years ago in *Morton Salt Co.* v. *G.S. Suppiger Co.*, 314 U.S. 488 (1942). Rejected for decades, the copyright misuse defense sprang to life in the Fourth Circuit's groundbreaking decision in *Lasercomb America, Inc.* v. *Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990). Since then, the defense has been repeatedly applied, as it was here, to block enforcement of otherwise valid copyrights.

The Ninth Circuit's decision to follow *Lasercomb* raises two recurring questions vital to copyright law and, more broadly, to the separation of powers. The first is whether to recognize *any* copyright misuse defense at all. In relying on *Morton Salt* to create this new rule, the court below and the Fourth Circuit ignored the intervening fundamental change in this Court's decisions regarding the propriety of creating new rules of federal common law.

In numerous decisions since *Morton Salt*, this Court has unequivocally foreclosed the creation of a federal rule where there is no textual support for it in the language of an otherwise comprehensive act, no endorsement of the rule in the legislative history, and no overriding need to create the rule as a matter of federal common law. *E.g.*, *Atherton* v. *FDIC*, 117 S. Ct. 666 (1997); *O'Melveny & Myers* v. *FDIC*, 512 U.S. 79 (1994); *Northwest Airlines, Inc.* v. *Transport Workers Union*, 451 U.S. 77 (1981); *Texas Indus., Inc.* v. *Radcliff Materials, Inc.*, 451 U.S. 630 (1981); *City of Milwaukee* v. *Illinois*, 451 U.S. 304 (1981). Judicial creation of a copyright misuse defense conflicts starkly with these cases. The conflict is important because the Court's "commitment to separation of powers is too fundamental to continue to rely on Federal common law by judicially decreeing what accords with common sense and public weal when Congress has addressed the problem." *Id.* at 315.

Second, and equally important, the courts of appeals are in direct conflict over the standard that governs assertions of copyright misuse. In one leading case, the Seventh Circuit has insisted that the copyright misuse defense, if recognized at all, be limited to conduct "shown to violate antitrust law"; in another, the Fourth Circuit has disagreed, holding that "a misuse need not be a violation of antitrust law" but may be proved by use of a copyright "in a manner contrary to public policy." Compare *Satur-*

day Evening Post Co. v. *Rumbleseat Press, Inc.*, 816 F.2d 1191, 1200 (7th Cir. 1987) (Posner, J.) with *Lasercomb Am., Inc.* v. *Reynolds*, 911 F.2d 970, 978-79 (4th Cir. 1990). In the decision below, the Ninth Circuit "agree[d] with the Fourth Circuit" that the copyright misuse defense does not require the infringing party to "prove an antitrust violation." App. 11a (citing *Lasercomb*). The conflict is squarely presented here because the AMA's Agreement with HCFA was not alleged, and could not have been found, to have violated the antitrust laws. This conflict particularly merits the Court's attention because of the unique weight that Congress has placed on achieving nationally uniform copyright laws.

Finally, the case presents an established conflict among the circuits over the existence and scope of a commercial exception to the First Amendment's protection of the right to petition government. The court of appeals' holding that the AMA's licensing agreement falls outside the scope of *Noerr-Pennington* conflicts directly with the Fifth Circuit's holding that the doctrine applies "when the government's decision is embodied in a contract with a private entity" to the same extent as when it is embodied "in a regulation or statute." *Greenwood Utils. Comm'n* v. *Mississippi Power Co.*, 751 F.2d 1484, 1505 (5th Cir. 1985).

I.

The Ninth Circuit's decision to recognize and enforce an affirmative defense of copyright misuse finds no support in the Copyright Act itself. Creating such a defense as a matter of federal common law conflicts with a long line of precedents of this Court, dating back at least to 1981, governing the propriety of judicially created rules intended to fill perceived gaps in otherwise comprehensive federal statutory schemes. The Court should grant the petition and clarify that it is for Congress, and not the federal courts, to decide whether to afford copyright infringers a misuse defense.

1. The Copyright Act, otherwise comprehensive, is silent about misuse. That silence is significant in light of this Court's standards for determining whether to establish a new federal rule that does not appear on the face of a federal statute. Such a rule may be "created in either of two ways." *Northwest Airlines, Inc.* v. *Transport Workers Union*, 451 U.S. 77, 90 (1981); see *Texas Indus., Inc.* v. *Radcliff Materials, Inc.*, 451 U.S. 630, 638 (1981) (same). The first is if "Congress intended to create" the rule—which is assessed with reference to the "the language of the statute itself" and its structure, history, and purpose; the second is whether the rule so directly implicates "uniquely federal interests" as to justify its creation even absent direction from Congress. *Northwest Airlines*, 451 U.S. at 90-91; *Texas Indus.*, 451 U.S. at 639, 642.

Applying these standards, the Court declined in *Northwest Airlines* to create a right to contribution under the Equal Pay Act of 1963 and Title VII of the Civil Rights Act of 1964. In *Texas Industries*, the Court similarly declined to create a right to contribution under the antitrust laws. The public policy merits of recognizing such rights were vigorously debated by the parties, *amici*, the lower courts, and commentators (*e.g. Texas Indus.*, 451 U.S. at 636-38 & nn. 8, 9). The Court's decisions turned, however, on (1) the "absence of any reference" to such a right in language or history of the statutes, and (2) the lack of any "uniquely federal interests" that would "oblige" the Court to create a new rule. See *id.* at 639, 642; *Northwest Airlines*, 451 U.S. at 91-92, 94, 97-98.

The Court has repeatedly reaffirmed the vitality of these precedents in decisions that emphasize that the circumstances in which "judicial 'creation' of a special federal rule" is warranted are " 'few and restricted.' " *O'Melveny & Myers* v. *FDIC*, 512 U.S. 79, 85, 87 (1994) (internal quotation omitted). In *O'Melveny*, the Court held that it was "plainly wrong" for federal courts to create a uniform federal common law rule governing when the

knowledge of bank officers would be imputed to the FDIC. Similarly, in *Atherton* v. *FDIC*, 117 S. Ct. 666, 671-74 (1996), the Court, relying on *O'Melveny* and on *Texas Industries*, refused to create a uniform federal standard of care for bank officers and directors.[4] These cases confirm that where a decision whether to create a new federal rule " 'involves the balancing of competing values and interests,' " that decision " 'is the business of elected representatives' " and is therefore "a matter for Congress, not the courts, to resolve." *Texas Indus.*, 451 U.S. at 646-47 (quoting *Diamond* v. *Chakrabarty*, 447 U.S. 303, 317 (1980)).

This body of precedent is fully applicable to any comprehensive federal statute, including the Copyright Act. Nevertheless, while commenters have noted that the question whether to import a misuse defense into the Copyright Act "raises a whole host of questions,"[5] courts have not evaluated the propriety of taking such a step in light of this Court's established standards. Cf. *O'Melveny & Myers*, 512 U.S. at 89 (federal rule that " 'involves a host of considerations that must be weighed and appraised' " should be addressed by Congress) (quoting *Northwest Airlines*, 451 U.S. at 98 n.41). Under the proper standards, there is no basis for judicial lawmaking here.

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[4] *See also Southern Pac. Transp. Co.* v. *Commercial Metals Co.*, 456 U.S. 336, 352 (1982) (refusing to create "an affirmative defense" to a claim for freight charges based on creditor's noncompliance with agency's regulations); *cf. Boyle* v. *United Techs. Corp.*, 487 U.S. 500, 507-12 (1988) (creating an affirmative "military contractor" defense grounded in statutory language and in need to avoid significant conflict between state law and federal interests).

[5] Stephen J. Davidson & Nicole A. Engisch, *A Survey of the Law of Copyright Misuse and Fraud on the Copyright Office: Legitimate Restraints on Copyright Owners or Excuses for Copyright Infringers?*, 483 PLI/Pat 295, 322-23 (1995); *See* Ramsey Hanna, Note, *Misusing Antitrust: The Search for Functional Copyright Misuse Standards*, 46 Stan. L. Rev. 401 (1994); Note, *Clarifying the Copyright Misuse Defense: The Role of Antitrust Standards and First Amendment Values*, 104 Harv. L. Rev. 1289 (1991).

To begin with, the Copyright Act—a comprehensive federal statute—makes no provision for a misuse defense. Following extensive research and studies by the Copyright Office beginning in 1955 and more than a decade of work on various draft bills, Congress enacted "a general revision" of the Copyrights Act in 1976. H.R. Rep. No. 94-1476 at 47 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5660. Notably, the Act replaced the old system of both common law and statutory copyright with "a single system of Federal statutory copyright from creation." *Id.* at 129, reprinted in 1976 U.S.C.C.A.N. 5659, 5745. This change is reflected in the new preemption section, "one of the bedrock provisions of the bill" (*id.*; see 17 U.S.C. § 301), and in the comprehensive statutory scheme that sets forth, *inter alia*, the scope and limits of copyright protection (§§ 101, *et seq.*) and the remedies for infringement (§§ 501, *et seq.*).

At least one affirmative defense born as a creature of federal common law was expressly recognized and incorporated into the Copyright Act. See 17 U.S.C. § 107 (incorporating the "fair use" doctrine); *Sony Corp.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 447-48 & n.29 (1984). Conspicuously absent from the language of the Act and the committee reports, however, is any reference to an affirmative defense of copyright misuse.[6] Given the "absence of any reference" to copyright misuse in the language and history of a comprehensive statute, the Copyright Act provides no basis for creating this defense. See *Texas Indus.*, 451 U.S. at 639, 642; see also *O'Melveny & Myers*, 512 U.S. at 87 ("[t]o create additional 'federal common-law' exceptions is not to 'supplement' [the statutory] scheme, but to alter it").

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[6] Congress's silence cannot be interpreted as acquiescence in such a defense, because prior to the *Lasercomb* decision in 1990, there was "no case where the misuse of a copyright prevented recovery on an infringement claim." *Broadcast Music* v. *Hearst/ABC Viacom Ent. Servs.*, 746 F. Supp. 320, 328 (S.D.N.Y. 1990).

Moreover, there is no legitimate justification for judicial creation of such a defense. Federal common law is typically restricted to "cases raising issues of uniquely federal concern, such as the definition of rights or duties of the United States, or the resolution of interstate controversies." *Northwest Airlines,* 451 U.S. at 95 (citations omitted). That the sought-after rule would help "vindicat[e]" federal rights or "fulfill[] the objects" of federal statutes is not sufficient. *Texas Indus.*, 451 U.S. at 642; *Atherton* v. *FDIC*, 117 S. Ct. at 674 (citations omitted). An action for copyright infringement generally "remains a private suit involving the rights and obligations of private parties," and therefore does not justify the creation of federal common law defenses. See *Texas Indus.*, 451 U.S. at 642.

2. Courts adopting a copyright misuse defense have done so chiefly in reliance on a line of cases, commencing with *Morton Salt Co.* v. *G.S. Suppiger Co.*, 314 U.S. 488 (1942), in which this Court created a patent misuse doctrine.[7] See, *e.g., Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U.S. 100, 136-40 (1969); *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661 (1944). For at least four reasons, such reliance is misplaced.

First, this Court's jurisprudence on whether to establish a new rule of federal common law has evolved significantly since *Morton Salt.* That decision neither applied the rules established over the last two decades nor even discussed the propriety of creating a new federal common law rule. The Court has already indicated that such a precedent should be narrowly construed.

For example, in *Touche Ross & Co.* v. *Redington*, 442 U.S. 560 (1979), the Court declined to imply a new cause of action under § 17(a) of the Securities Exchange Act of 1934. It did so even though an earlier

[7] *See, e.g., Lasercomb Am., Inc.* v. *Reynolds*, 911 F.2d 970, 975-76 (4th Cir. 1990); *DSC Communications Corp.* v. *DGI Techs., Inc.*, 81 F.3d 597, 601-02 (5th Cir. 1996).

decision, *J.I. Case Co.* v. *Borak*, 377 U.S. 426 (1964), had provided a significant contrary precedent by implying a cause of action under § 14(a) of that Act. See 442 U.S. at 576-77. The Court explained that "in a series of cases since *Borak* we have adhered to a stricter standard for the implication of private causes of action, and we follow that stricter standard today." *Touche Ross*, 442 U.S. at 578. That reasoning applies with even greater force here, where the prior opinion, *Morton Salt*, involves not simply a different provision within a single Act, but an entirely different statute.

Second, the analogy to patent law ignores the Court's more relevant copyright precedents. For example, this Court previously "decline[d] the invitation" to disregard the plain language of the Copyright Act in order to "accommodate various competing considerations of copyright, communications, and antitrust policy." *Fortnightly Corp.* v. *United Artists Television, Inc.*, 392 U.S. 390, 401 (1968). The Court explained that "that job is for Congress," and pointedly noted that "[w]e take the Copyright Act of 1909 as we find it." *Id.* at 401-02; see *Sony Corp.*, 464 U.S. at 456 (insisting on "[a]pplying the copyright statute, as it now reads," because "it is not our job to apply laws that have not yet been written").

The same approach is doubly warranted here. The Copyright Act has been thoroughly overhauled since *Fortnightly* (cf. *id.* at 396 n.17) without any reference to a copyright misuse defense. Moreover, Congress' codification of a narrowed version of the misuse defense in the patent laws, 35 U.S.C. § 271(d), demonstrates that when "Congress wishe[s] to provide" such a defense, "it kn[ows] how to do so." *Touche Ross*, 442 U.S. at 572.[8]

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[8] Congress has twice acknowledged and limited the doctrine of misuse in patent law. *See* 35 U.S.C. § 271(d). In 1952, Congress added subsections 271(d)(1)-(3) to title 35 to "clarif[y]" that the patent misuse doctrine should not be applied broadly to eliminate

Third, the "historic kinship between patent law and copyright law" (*Sony Corp.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 439 (1984)), has never been a ground for ignoring relevant differences between the two. This Court has always "recognize[d] [that] there are substantial differences between the patent and copyright laws" and "exercise[d] caution . . . in applying doctrine formulated in one area to the other." *Id.* at 442, 439 n.19.[9] The differences between patents and copyrights counsel against a copyright misuse defense. While in the past the Court has held that a copyright can give its owner market power, see *United States* v. *Loew's, Inc.*, 371 U.S. 38 (1962), it has become evident that "[t]he danger of monopoly is more acutely posed by patents than by copyrights." *Saturday Evening Post*, 816 F.2d at 1199. Patents provide exclusive rights against all expressions of the patented idea, while copyrights protect only a given expression. Copyrights thus tend to create "a legal rather than necessarily an economic monopoly." *Id.* at 1198; see also *Sony Corp.*, 464 U.S. at 432-33 (noting limitations on author's rights under the Copyright Act); Davidson & Engisch, *supra*, at 322 ("[t]he statutory copyright monopoly is substantially weaker than the patent monopoly").

Finally, in other statutory contexts, the Court has refused to establish new affirmative defenses based on its patent misuse precedents. See *Bruce's Juices, Inc.* v.

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contributory infringement claims. *See* S. Rep. No. 82-1979 (1952), *reprinted in* 1952 U.S.C.C.A.N. 2394, 2402. In 1988, Congress further restricted the doctrine by adding subsection (5) to foreclose misuse claims based on leveraging (*e.g.*, *Morton Salt*) unless the patent owner possesses market power.

[9] *See Mazer* v. *Stein*, 347 U.S. 201, 217 (1954) ("[u]nlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself"); *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339, 345 (1908) ("If we were to . . . discuss the rights of a patentee, under letters patent, and then, by analogy, apply the conclusions to copyrights, we might greatly embarrass the consideration of a [subsequent] case under letters patent").

American Can Co., 330 U.S. 743 (1947) (creditor's violation of Robinson-Patman Act provides no affirmative defense to breach of contract); *id.* at 761-62 (Murphy, J., dissenting) (citing patent misuse cases); *Kelly* v. *Kosuga*, 358 U.S. 516 (1959) (no affirmative defense to breach of contract based on antitrust violation); *D.R. Wilder Mfg. Co.* v. *Corn Prods. Ref. Co.*, 236 U.S. 165, 172-75 (1915).

Nevertheless, as discussed below, the Fourth, Fifth, and Ninth Circuits, and other lower courts, have interpreted this Court's patent misuse precedent to require extension of the patent misuse defense to copyright law. Those holdings are in substantial tension with this Court's more recent cases that limit creation of federal common law to exceptional circumstances, that require adherence to the plain language of the Copyright Act, and that have refused to extend the patent misuse defense in other statutory contexts. "[U]ncertainty persists" in the lower courts because "no United States Supreme Court decision has firmly established a copyright misuse defense in a manner analogous to the establishment of the patent misuse defense by *Morton Salt*" (*Lasercomb*, 911 F.2d at 976), because a number of district courts have refused to recognize the defense at all,[10] and because some appellate courts continue to reserve the question as an "open issue" (*Reed-Union Corp.* v. *Turtle Wax, Inc.*, 77 F.3d 909, 913 (7th Cir. 1996) (Easterbrook, J.)).[11] The Court should end

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[10] *See, e.g., Rural Tel. Serv. Co.* v. *Feist Publications, Inc.*, 663 F. Supp. 214, 220 (D. Kan. 1987) ("concur[ring] with prior case law which holds that antitrust violations do *not* constitute a defense to copyright infringement" and citing prior cases), *aff'd mem.*, 916 F.2d 718 (10th Cir. 1990), *rev'd on other grounds*, 499 U.S. 340 (1991); *Orth-O-Vision, Inc.* v. *Home Box Office*, 474 F. Supp. 672, 686 (S.D.N.Y. 1979); *see* 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.09[A] at 286-87 & nn. 6-11 (1997) (citing early cases).

[11] *See Data General Corp.* v. *Grumman Sys. Support Corp.*, 36 F.3d 1147, 1169-70 (1st Cir. 1994) (leaving undecided the question whether "federal copyright law permits a misuse defense"); *see*

the uncertainty and resolve whether the federal courts may properly create a federal common law defense of copyright misuse.

II.

If the Court were to conclude that federal courts should be permitted to create a doctrine of copyright misuse, a second question of comparable national importance would arise as to the standard that would govern such a defense. The Court should resolve the conflict in the lower courts on this question, particularly in view of the acknowledged importance of national uniformity in the copyright laws.

1. The Seventh Circuit has held that, if copyright misuse is to be recognized at all, it must be limited to conduct "shown to violate antitrust law." *Saturday Evening Post Co.* v. *Rumbleseat Press, Inc.*, 816 F.2d 1191, 1200 (7th Cir. 1987). The alleged misuse in that case—a "no-contest" provision in a licensing agreement that forbade licensees from challenging the validity of the copyright—was premised on substantial public policy grounds borrowed from the patent context. Nevertheless, the Seventh Circuit refused to find copyright misuse because the defendant had failed to prove that the licensing provision would "violate antitrust law." *Id.*

In explaining its holding, the court began by quoting from an earlier Seventh Circuit patent misuse decision that limited misuse claims to antitrust violations because it was too "late in the day" to begin developing "alternative concepts of monopolistic abuse":

> If misuse claims are not tested by conventional antitrust principles, by what principles shall they be tested? Our law is not rich in alternative concepts of monopolistic abuse; and it is rather late in the day to try to develop one without in the process subject-

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also United Tel. Co. v. *Johnson Publ'g Co.*, 855 F.2d 604, 612 (8th Cir. 1988) (only "assum[ing]" that there is a copyright misuse defense); *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285, 290-91 (10th Cir. 1974) (same).

> ing the rights of patent holders to debilitating uncertainty.

Id. (quoting *USM Corp.* v. *SPS Techs., Inc.*, 694 F.2d 505, 512 (7th Cir. 1982)). The court then observed that "[t]his point applies with even greater force to copyright misuse, where the danger of monopoly is less." 816 F.2d at 1200.[12]

Other courts have taken a similar approach. The Tenth Circuit, in *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285 (1974), assumed "*arguendo* that an antitrust violation is a defense in a copyright infringement action," but reversed the lower court's finding of misuse because "defendants' piracy is unmistakably clear, while the plaintiffs' infraction of the antitrust laws is doubtful and at most marginal." *Id.* at 290-91 (internal quotation omitted). The Eighth Circuit, citing *Edward B. Marks* and a Seventh Circuit case that also tested copyright misuse against "the antitrust laws," found no misuse because there was no proof of "an effort to restrain competition . . . ." *United Tel. Co.* v. *Johnson Publ'g Co.*, 855 F.2d 604, 611-12 (8th Cir. 1988). The Eleventh Circuit, in a decision subsequently reversed on other grounds, has also rejected an asserted copyright misuse defense "because there is no antitrust violation." *BellSouth Adver. & Publ'g Corp.* v. *Donnelly Info. Publ'g, Inc.*, 933 F.2d 952, 961 (11th Cir. 1991), *rev'd on other grounds*, 999 F.2d 1436 (11th Cir. 1993) (en banc).

2. In contrast, the Fourth Circuit in *Lasercomb* held emphatically that "a misuse need not be a violation of

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[12] *See also F.E.L. Publications, Ltd.* v. *Catholic Bishop of Chicago*, 214 U.S.P.Q. 409, 417 n.9 (7th Cir. 1982) (effectively applying an antitrust standard); *Reed-Union Corp.* v. *Turtle Wax, Inc.*, 77 F.3d 909, 913 (7th Cir. 1996) (whether to recognize the defense is "an open issue" in that circuit because copyrights "create less market power than patents"); *cf. qad. inc.* v. *ALN Assocs., Inc.*, 974 F.2d 834, 836-37 (7th Cir. 1992) (acknowledging district court ruling based on *Lasercomb* but declining to reach it on jurisdictional grounds).

antitrust law," and that the relevant "question" instead is whether "the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright." *Lasercomb*, 911 F.2d at 978. Applying this standard, the Fourth Circuit became the first appellate court to suspend enforcement of a valid copyright on misuse grounds. *Id.* at 978-79. The factual predicate for the court's decision was the owner's master licensing agreement, offered to (and accepted by some) licensees, which contained a provision that prohibited licensees from developing competing software for 99 years. Although such a provision raises significant competitive concerns, the court conspicuously made no inquiry into whether the copyright had conferred any degree of market power on its owner, what competing products existed, whether any actual or potential competitor had been discouraged from developing a rival product, or any other inquiry that would tend to illuminate whether that licensing provision in fact had any marketplace impact at all.

Although initially viewed as "the exceptional case" (Nimmer, § 1309[A] at 13-289), *Lasercomb* has proven remarkably influential. Relying expressly on *Lasercomb*, the Fifth Circuit has now upheld the denial of preliminary injunctive relief against copyright infringement on the ground that the defendant was likely to succeed in proving copyright misuse under *Lasercomb*'s "public policy" standard. *DSC Communications Corp.* v. *DGI Techs., Inc.*, 81 F.3d 597, 601-02 (5th Cir. 1996); see *id.* at 601 (quoting at length from *Morton Salt* and *Lasercomb* and expressly "concur[ring] with the Fourth Circuit's characterization of the copyright misuse defense"). Other lower courts have also found *Lasercomb* persuasive.[13] And of

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[13] *See, e.g., In re Independent Serv. Orgs. Antitrust Litig.*, 964 F. Supp. 1469, 1476-77 (D. Kan. 1997), *modified on reconsideration*, 1997 WL 805237; *National Cable Television Ass'n* v. *Broadcast Music, Inc.*, 772 F. Supp. 614, 652 (D.D.C. 1991); *qad. inc.* v. *ALN Assocs., Inc.*, 770 F. Supp. 1261, 1267 (N.D. Ill. 1991), *aff'd*, 974 F.2d 834 (7th Cir. 1992); *cf. Hill* v. *Xyquad, Inc.*, 939 F.2d 627 (8th Cir. 1991) (dissolving preliminary injunction and remanding, *inter*

course, in the decision below, the Ninth Circuit not only recognized copyright misuse for the first time (App. 9a) but explicitly rejected an antitrust standard for copyright misuse in express reliance upon *Lasercomb*. App. 11a. The standard for judging copyright misuse, therefore, is the subject of a significant and recurring conflict.

3. This conflict is particularly worthy of the Court's review now. The need for "national uniformity" in copyright law is "more essential" than ever before:

> One of the fundamental purposes behind the copyright clause of the Constitution, as shown in Madison's comments in The Federalist, was to promote national uniformity and to avoid the practical difficulties of determining and enforcing an author's rights under the differing laws and in the separate courts of the various States. Today, when the methods for dissemination of an author's work are incomparably broader and faster than they were in 1789, national uniformity in copyright protection is even more essential than it was then to carry out the constitutional intent.

H.R. Rep. No. 94-1476, at 129 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5745; see *Community for Creative Non-Violence* v. *Reid*, 490 U.S. 730, 731 (1989) (the Copyright Act "is expressly intended to create a federal law of uniform, nationwide application by broadly preempting state statutory and common-law copyright regulation"). The widespread conflict over what constitutes copyright misuse thus defeats one of the Act's bedrock purposes. This Court's review is therefore especially important here.

This conflict merits review now for a second reason. A broadly conceived public policy standard, inherently subjective in application, has a significant potential to undermine the express goals of the statute. In *Lasercomb*,

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alia, for consideration of misuse defense in light of *Lasercomb*); *see generally* 2 Paul Goldstein, *Copyright*, § 9.6 (2d ed. 1998).

for example, there was "no question that defendants engaged in unauthorized copying" of plaintiff's software, marketed their pirate version as "[their] own," and engaged in "deceptive practices" and "subterfuge" to conceal the truth from plaintiff. 911 F.2d at 971-72. It is difficult to understand how allowing intentional software pirates to escape all penalties—in violation of the express terms of the statute—is more consistent with the Act's goals than allowing the copyright owner to propose licensing provisions of uncertain impact that are unregulated by any express provision of the Act. Compare *Edward B. Marks*, 497 F.2d at 290-91.

Not surprisingly, this Court has previously and repeatedly interceded to prevent federal courts from refusing to enforce collective bargaining agreements or arbitration awards on the basis of " 'general considerations of supposed public policy' " as opposed to clear conflicts with " 'laws and legal precedents.' " [14] Similar intervention, at a minimum, is called for in enforcing the Copyright Act, where "[a]s the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . ." *Sony Corp.*, 464 U.S. at 429; see also *id.* at 456 (" 'the sign of how far Congress has chosen to go can come only from Congress' ").

4. The decision below illustrates the dangers of permitting courts to deny litigants their statutory rights based upon open-ended public policy concerns. The court made no effort to identify any "laws" or "legal precedents"

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[14] *See, e.g., United Paperworkers Int'l Union* v. *Misco, Inc.*, 484 U.S. 29, 44 (1987), quoting *W.R. Grace & Co.* v. *Rubber Workers*, 461 U.S. 757, 766 (1983), quoting *Muschany* v. *United States*, 324 U.S. 49, 66 (1945); *United Mine Workers Health & Retirement Funds* v. *Robinson*, 455 U.S. 562, 576 (1982) ("when neither the collective-bargaining process nor its end product violates any command of Congress, a federal court has no authority to modify the substantive terms of a collective-bargaining contract").

(*Misco*, 484 U.S. at 44) that were violated by the AMA's licensing agreement with HCFA, and there are none.

First, the exclusive use provision that the court below found to constitute misuse does not violate the antitrust laws. There is no basis for finding an antitrust violation here because it is undisputed that HCFA is free under its agreement with the AMA to terminate the agreement at any time simply by giving the AMA ninety-days notice. App. 3a n.2; SER 3-2, p. 4, ¶ 10. The prospect of gaining an exclusive contract, together with HCFA's straightforward termination rights, would provide competitors an incentive to seek to replace the AMA, and permit HCFA easily to abandon the Agreement altogether in favor of a competing work if it wished to do so. Although exclusive-dealing provisions are typically examined under the rule of reason, agreements "terminable in less than a year are presumptively lawful under section 3 [of the Clayton Act]" and have been repeatedly upheld against antitrust challenge. *Roland Mach. Co.* v. *Dresser Indus., Inc.*, 749 F.2d 380, 395 (7th Cir. 1984).[18]

Second, HCFA's exclusive use of *CPT* is—if not compelled by HCFA's governing statute—at least fully consistent with it. Congress has given HCFA's parent agency, the Department of Health and Human Services, a mandate to "establish a uniform procedure coding system for the coding of all physicians' services." 42 U.S.C. § 1395w-4 (c)(5). Simultaneous use of "other [medical coding] forms as well" as *CPT*—the result that the Ninth Circuit found foreclosed by the licensing agreement (App. 10a) —would hinder if not entirely defeat achievement of a uniform scheme. Indeed, by entering into the Agree-

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[18] *See, e.g., Tampa Elec. Co.* v. *Nashville Coal Co.*, 365 U.S. 320, 333-35 (1961) (20-year exclusive contract justified under rule of reason); *Thompson Everett, Inc.* v. *National Cable Adver.*, 57 F.3d 1317 (4th Cir. 1995) (one-year exclusive contract had no anti-competitive effect); *American Passage Media Corp.* v. *Cass Communications, Inc.*, 750 F.2d 1470, 1473 (9th Cir. 1985) (exclusive-dealing contracts that are "terminable at will" do not support claim that defendant foreclosed competition).

ment, HCFA itself has effectively expressed the view that the contract serves the public interest. In short, Congress has set the relevant policy, and HCFA followed it. By disregarding that policy, the Ninth Circuit's decision underscores the "debilitating uncertainty" inherent in an open-ended public policy standard. *Saturday Evening Post*, 816 F.2d at 1200 (citation omitted).

Finally, this case also reveals a drawback in the use of an affirmative defense to remedy perceived problems in copyright licenses. The respondent here has no intention of competing to develop a new code and win a contract with HCFA, and thus has suffered no injury from the challenged licensing provision. Yet respondent reaps the windfall of avoiding liability for damages. That the Ninth Circuit could conclude that "equity" and "public policy" condone the wholesale copying and selling of a copyrighted work vividly "demonstrates the runaway tendencies of 'federal common law' untethered to a genuinely identifiable (as opposed to judicially constructed) federal policy." *O'Melveny & Myers*, 512 U.S. at 89.

III.

This Court should also grant the petition to resolve the conflict in the circuits whether obtaining a government contract with an anticompetitive restriction is conduct protected under the First Amendment. The Ninth Circuit held that "[b]ecause the AMA did not lobby HCFA to adopt the *CPT*, the AMA's First Amendment right to petition the government is not at stake." App. 11a. By holding that the AMA's obtaining of a contract with HCFA did not involve "lobby[ing]" within the meaning of the *Noerr-Pennington* doctrine, the court's decision conflicts with decisions of other courts of appeals that have refused to create a commercial or government contract exception to the *Noerr-Pennington* doctrine.

The *Noerr-Pennington* doctrine provides constitutional protection to private efforts to influence government officials, including those in administrative agencies, "regard-

less of [the petitioner's] intent or purpose" and "even though intended to eliminate competition." *United Mine Workers* v. *Pennington*, 381 U.S. 657, 670 (1965). Notably, the *Pennington* case involved commercial activity: private parties petitioned government officials with respect to terms of government purchases of coal from themselves and third parties. *Id.* Nevertheless, "[t]he Supreme Court . . . [has] never expressly considered the validity of . . . the commercial exception to the *Noerr/Pennington* doctrine. . . ." *TEC Cogeneration, Inc.* v. *Florida Power & Light Co.*, 76 F.3d 1560, 1573 (11th Cir.), modified on reh'g, 86 F.3d 1028 (1996).

The lower courts are divided on this issue. The Ninth Circuit's decision conflicts most sharply with the Fifth Circuit's decision in *Greenwood Utils. Comm'n* v. *Mississippi Power Co.*, 751 F.2d 1484 (1985). In *Greenwood*, plaintiff argued, as respondent did below, "that *Noerr-Pennington* protection does not extend to the restrictive contract provision itself even though the doctrine might protect the conduct [*i.e.*, lobbying] that caused the government to adopt it." *Id.* at 1504. The court rejected "any notion that there should be a commercial exception to *Noerr-Pennington*," *id.* at 1505, and noted the difficulty of applying such an exception when the agency is simultaneously making a "policy decision" and acting "as a participant in the marketplace." *Id.* The court explained that the *Noerr-Pennington* doctrine is fully applicable when the petitioned government agency or official voluntarily becomes a party to an allegedly anticompetitive agreement:

> There would be no question about [defendant's] protected status if it had persuaded the Interior Department to promulgate a regulation requiring . . . a similar restrictive marketing arrangement. We see no reason why the result should be different when the government's decision is embodied in a contract with a private entity rather than in a regulation or statute.

Id.; see *Independent Taxicab Drivers' Employees* v. *Greater Houston Transp. Co.*, 760 F.2d 607, 612-13 (5th Cir. 1985).[16]

In reaching its holding, the Fifth Circuit expressly declined to follow the lead of other circuits that have crafted exceptions for commercial conduct. 751 F.2d at 1505 n.14. For example, the First Circuit has held that the *Noerr-Pennington* doctrine cannot be invoked to immunize conduct directed at government agencies or officials acting in a commercial capacity. See *George R. Whitten, Jr., Inc.* v. *Paddock Pool Builders, Inc.*, 424 F.2d 25, 33 (1st Cir. 1970) (no protection for "efforts to sell products to public officials acting under competitive bidding statutes"). The District of Columbia Circuit, too, has embraced a commercial exception to *Noerr-Pennington*. See *Federal Prescription Serv., Inc.* v. *American Pharm. Ass'n*, 663 F.2d 253, 263 & n.10 (D.C. Cir. 1981) (dicta); *Hecht* v. *Pro-Football, Inc.*, 444 F.2d 931, 941-42 (D.C. Cir. 1971). See also *City of Atlanta* v. *Ashland-Warren, Inc.*, 1982-1 Trade Cas. (CCH) ¶ 64,527 at 72,926-29 (N.D. Ga. 1981) (adopting commercial exception to *Noerr-Pennington*).[17] Finally, this Court's recent acknowledg-

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[16] *See also TEC Cogeneration, Inc.* v. *Florida Power & Light Co.*, 76 F.3d 1560, 1573 (11th Cir. 1996) (expressing substantial doubt about the commercial exception); *United States Football League* v. *National Football League*, 634 F. Supp. 1155, 1179-80 (S.D.N.Y. 1986) (same); *BusTop Shelters, Inc.* v. *Convenience & Safety Corp.*, 521 F. Supp. 989, 996 n.9 (S.D.N.Y. 1981) (*Noerr-Pennington* doctrine should not be "narrowly circumscribed when the government participates in the commercial activity in question"). *Accord* 1 Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 209a, at 259-60 (1997) (criticizing commercial exception as "unsound").

[17] Although the Ninth Circuit appeared previously to hold that there is no commercial exception to *Noerr-Pennington*, see *In re Airport Car Rental Antitrust Litig.*, 693 F.2d 84, 87 (9th Cir. 1982), respondent argued successfully below that *Airport Car Rental* stands only for the proposition that *lobbying* of government with respect to commercial issues is protected, and not entering into government contracts. App. 11a. On this reading, of course, *Airport Car Rental* conflicts with *Greenwood*.

ment, in *City of Columbia* v. *Omni Outdoor Adver. Inc.*, 499 U.S. 365, 379 (1991), of a "possible market participant exception" to the state action doctrine of *Parker* v. *Brown*, 317 U.S. 341 (1943), might be perceived to support a commercial exception to the *Noerr-Pennington* doctrine. See, *e.g.*, *Total Benefit Servs.* v. *Group Ins. Admin., Inc.*, 875 F. Supp. 1228, 1241 (E.D. La. 1995).

The direct conflict between the Fifth Circuit's decision in *Greenwood* and the decision below thus reflects a broader and acknowledged conflict in the courts over the degree to which the First Amendment protects commercial contracts with the government.[18] This constitutional question therefore is plainly one of national importance that independently merits the Court's review.

* * * *

Had this case arisen in the Seventh Circuit, it is plain (under *Saturday Evening Post* and *Roland Machinery*) that the AMA would not have been denied enforcement of its copyright in order to further some ill-defined public policy. This case therefore squarely presents the conflict in the circuits over the standard for evaluating claims for copyright misuse, and for that reason alone merits plenary review. Similarly, had the case arisen in the Fifth Circuit, the AMA's contract with HCFA would have been fully immune against any claim of misuse, judged by any standard, under *Greenwood*.

More fundamentally, the conflict and confusion in the lower courts over what standard to apply to copyright misuse is the inevitable consequence of the Fourth Circuit's decision to unleash and encourage federal courts to apply their own conception of the public policy em-

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[18] Note, *The Commercial Exception: A Necessary Limitation to the Noerr-Pennington Doctrine*, 63 Ind. L.J. 401, 402 n.11 (1988) (describing conflict); Del Stiltner Dameron & Robert J. Sherry, *Son of Scanwell: Antitrust Challenges to Government Contract Awards and Related Actions*, 92 Dick. L. Rev. 281, 309 n.176 (1988) (same).

bodied in the grant of a copyright, rather than the plain language of the Copyright Act itself. Whether such a radical departure from Congress' express directive—and from this Court's standards governing the propriety of creating federal common law—is warranted, is a question of fundamental national importance that calls out for review by this Court.

CONCLUSION

The petition for a writ of certiorari should be granted.

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